

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03
H-02 SS-15 NSC-05 PA-02 PRS-01 USIA-15 /077 W
-----024056 210935Z /10
P 210905Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5300
WHITE HOUSE PRIORITY

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WHITE HOUSE FOR JOHNSTON, DEAL (NSC)
STATE FOR E, EB
PASS DOT (DAVENPORT, KAMM), CAB (KAHN, RODRIGUEZ)

E.O. 11652: N/A
TAGS: EAIR, UK
SUBJECT: US-UK CIVAIR NEGOTIATIONS: PRESS REPORTS,
JUNE 21.

1. UNDER HEADLINE "ANGLO-US AIR TALKS PROLONGED FOR A
DAY," FINANCIAL TIMES REPORTS:

A. 24 HOURS EXTRA BREATHING SPACE HAS BEEN FOUND
FOR DELEGATIONS SEEKING TO RENEGOTIATE ANGLO-US AIR
SERVICES PACT.

B. FOLLOWING EXAMINATION BY LAWYERS YESTERDAY OF
TERMS OF BRITAIN'S UNILATERAL RENUNCIATION OF THE BERMUDA
AGREEMENT ONE YEAR AGO, IT WAS DECIDED OLD BILATERAL
TREATY DOES NOT EXPIRE UNTIL MIDNIGHT TOMORROW, WASHING-
TON TIME. THIS IS 5 A.M. THURSDAY, BRITISH TIME.

C. IT HAD BEEN THOUGHT DEADLINE WAS MIDNIGHT
TONIGHT AND THAT IF AGREEMENT HAD NOT BEEN REACHED BY
THEN, US WOULD CARRY OUT ITS THREAT TO HALT ALL
US-UK FLIGHTS.

D. TECHNICAL EXTENSION IS INDICATION OF DETERMINA-
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TION OF BOTH SIDES TO REACH AT LEAST BROAD AGREEMENT
AND SO AVOID DISRUPTION IN ANGLO-US RELATIONS WHICH WOULD
BE DEEPLY EMBARRASSING TO BOTH CARTER, CALLAGHAN, WHO
HAVE BEEN INVOLVED PERSONALLY IN TRYING TO HURRY NEGOTIA-
TIONS ALONG.

E. NEGOTIATIONS THROUGHOUT YESTERDAY WERE MAINLY
CONCERNED WITH QUESTION OF WHICH ROUTES US AIRLINES

SHOULD BE ALLOWED TO FLY OUT OF LONDON AND HK AND UNDER WHAT CONDITIONS. UKDEL IS PARTICULARLY INCENSED AT US PROPOSALS TO EXTEND THEIR AIRLINES' RIGHTS FOR CARGO AND PASSENGER SERVICES FROM HK-A MOVE WHICH HMG FEELS WOULD HAVE SERIOUS IMPACT ON FUTURE OF TINY UK-OWNED AIRLINE, CATHAY PACIFIC, WHICH IS BASED IN COLONY.

G. IT LOOKS CERTAIN NOW TALKS WILL CONTINUE RIGHT THROUGH TODAY AND POSSIBLY INTO TOMORROW. UK REMAIN REASONABLY OPTIMISTIC THAT SOME FORM OF AGREEMENT WILL BE FOUND, BUT USDEL STILL SAYING THAT OUTCOME REMAINS UNCERTAIN.

H. OTHER ISSUES SEPARATING 2 SIDES ARE MEANS OF REGULATING NUMBER OF SEATS OFFERED ON TRANSATLANTIC SERVICES, AND WORDING OF STATEMENT ON FUTURE PROVISIONS FOR US-UK CHARTER SERVICES.

2. UNDER HEADLINE "AGREEMENT CLOSES ON ATLANTIC AIR SERVICES", ARTHUR REED OF THE TIMES REPORTS:

A. CONTINUED PROGRESS WAS MADE BY US-UK OFFICIALS TOWARDS NEW BERMUDA NORTH ATLANTIC AGREEMENT YESTERDAY.

B. EXISTING AGREEMENT EXPIRES NOT AT MIDNIGHT TONIGHT, LAWYERS DISCOVERED, BUT MIDNIGHT TOMORROW, GIVING NEGOTIATORS MORE TIME. IT WAS CANCELLED BY UK ON THE GROUNDS THAT IT FAVORS US AIRLINES.

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C. MAIN POINT AT ISSUE, AS NEGOTIATORS HAVE MET IN CONTINUOUS DAILY SESSIONS OVER PAST FEW DAYS, HAS BEEN NUMBER OF SEATS, WHICH EACH AIRLINE SHOULD OFFER.

D. EACH SIDE HAS THREATENED TO BLOCK OTHER'S AIR SERVICES IF NEW AGREEMENT IS NOT REACHED BY MIDNIGHT TONIGHT.

E. BRITISH AIRWAYS CARRIED LARGE DISPLAY ADVERTISEMENTS

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TO SECSTATE WASHDC PRIORITY 5301
WHITE HOUSE PRIORITY

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IN MOST LONDON DAILY NEWSPAPERS YESTERDAY PROMISING TO
GET PASSENGERS TO US IF THE AGREEMENT WAS NOT RENEWED.
THEY GAVE LIST OF L2 DAILY FLIGHTS WHICH, INSTEAD OF
GOING TO US CITIES, WOULD DIVERT TO MONTREAL, TORONTO
OR NASSAU.

F. PAN AM WERE UNDERSTOOD TO HAVE ADVERTISEMENTS
READY, BUT WERE DELAYING PUBLICATION AS LONG AS
POSSIBLE TO AVOID CONFUSING PASSENGERS.

G. TWA SAID THAT THEY HAD NO PLANS TO ADVERTISE,
INTENDING TO INFORM PASSENGERS OF CHANGES IN SCHEDULES
THROUGH THEIR RESERVATIONS STAFF.

3. UNDER HEADLINE "AIR AGREEMENT STAGE NEARER", DAILY
TELEGRAPH REPORTS:

A. ANNOUNCEMENT ABOUT AN AGREEMENT IN PRINCIPLE ON THE
FUTURE STRUCTURE OF US-UK AIR SERVICES IS EXPECTED TO
BE MADE TODAY TO ALLOW EXISTING BERMUDA AGREEMENT,
WHICH RUNS OUT AT MIDNIGHT TONIGHT, TO BE EXTENDED.

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B. BROCK ADAMS SAID IN WASHINGTON YESTERDAY THAT AN
AGREEMENT WAS "VERY CLOSE", BUT SOME ISSUES REMAINED TO
BE SETTLED. BRITAIN LAST YEAR ASKED AGREEMENT TO BE
RENEGOTIATED BECAUSE US AIRLINES ARE TAKING UP TO
TWO-THIRDS OF LUCRATIVE NORTH ATLANTIC TRAFFIC.

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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